


27 September 1972

MEMORANDUM FOR: Legislative Counsel

A State officer told me this afternoon that the Latin American Subcommittee of the House Committee on Foreign Affairs had a closed session today with J. Raymond Ylitalo, until quite recently the U.S. Ambassador to Paraguay.

According to this State officer (who, I gather, received the information from someone who was there), Subcommittee Chairman Representative Dante B. Fascell (Dem.; Fla.) made a statement at the session to the effect that CIA "leaked" the Jack Anderson "attack" on Ylitalo. Ylitalo was asked if he had seen all messages sent from the embassy. Ylitalo replied in the affirmative. He was then asked where the communications room of the embassy was, and was he certain he had seen everything.

I do not know what Anderson column or columns the above-mentioned "leak" referred to. One possibility is the Anderson column which appeared in the Washington Post on 26 July 1972. A copy of that column is attached.


DDI Coordinator On
International Narcotics Matters

STATINTL

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The Washington Merry-Go-Round

THE WASHINGTON POST Wednesday, July 26, 1972 B 15

U.S. Let Down on Paraguay Drugs

By Jack Anderson

In the oak-paneled world of ambassadors, there's an old saying that a diplomat is an honest man sent out to lie for his country.

This has been the unhappy role of our envoy to Paraguay, J. Raymond Ylitalo, who has represented President Nixon in the autocratic court of Dictator Alfredo Stroessner since 1969.

Indeed, the rivet-eyed Stroessner is fond of saying that the American Ambassador is like a member of his cabinet.

When we revealed that Stroessner's epauletted generals and admirals were hustling heroin, therefore, Ylitalo sprang to the defense of the military dictatorship. "Slenderous!" he called our story.

"As the American Ambassador in Paraguay," he proclaimed, "I consider it my duty in good conscience to refute the unfounded accusations... by Mr. Anderson."

Stroessner promptly ordered his embassies around the world to issue press releases quoting Ylitalo. The dictator also had his foreign minister, Raul Sapena Pastor, send a private message to Secretary of State Bill Rogers demanding that he denounce us in public.

But this was carrying diplomacy a little too far for Rogers, who sent Pastor a polite note saying he personally

didn't have any hard evidence on the charges.

It's Classified

Rogers didn't mention that he had some classified cables from Ylitalo's own embassy in Paraguay, refuting what Ylitalo had said in public. On at least four occasions between June 16 and June 20, the embassy secretly supported our stories.

Ylitalo happened to be on home leave at the time. But back in Paraguay, his staff fired off reports telling how Stroessner had refused to cooperate to end the heroin trade.

"The time has come to give a clear signal," began one classified cable. It went on to describe Paraguay's do-nothing posture on drugs.

Other cables suggested that the U.S. should warn Paraguay of said cuts unless the dictatorship helped to crack down on the drug traffic. "Marked improvement" was needed, declared the embassy.

Stroessner had let the U.S. down by refusing to adopt strong new laws to control drugs and failing to adhere to the 1961 narcotics convention protocol.

Paraguay has also dawdled about handing over the notorious French narcotics kingpin, Auguste Ricord, who is living comfortably in a Paraguayan jail while the U.S.

pleads with Stroessner to extradite him. On this count, too, the embassy urged tough action by Washington.

Food Scandal

The mismanagement of the military commissary system has become so bad that even House Armed Services Chairman Eddie Hebert (D-La.), the Dutch Uncle of the Defense Department, is upset about it.

Hebert has quietly written to outgoing Army Chief William Westmoreland complaining about "commissary personnel, both in and out of uniform, belonging to an organization whose members are doing business with commissaries."

The chairman, of course, was talking about the Defense Supply Association, a well-heeled lobby whose membership includes both food brokers and the Pentagon officials to whom they sell their goods.

"This sort of arrangement," said Hebert, "has the potential for restraint of trade which will result in higher prices for military personnel, kickbacks and conflict of interest."

Hebert asked Westmoreland to give the commissary mess his "personal attention."

It needs it. The \$2.5 billion-a-year commissary system is the biggest and worst-managed supermarket chain on earth.

It is supposed to provide

food and other basic goods to military families at low cost. But all too often, the commissary officers have given the best deal to the food brokers who have, in turn, provided them with such emoluments as Paris playgirls and plush hotel rooms.

When we first revealed these shenanigans early last year, we found that the four top logistics officers in the Pentagon had winked at the improprieties because they were also involved with the food lobby as "honorary presidents" of the Defense Supply Association.

Yet we have found that the brass hats and the lobbyists are still playing buddy-buddy. At the Masters Golf Tournament in Augusta, two Commissary officers, Forrest Gorr and Vance Rimmer, were spotted living it up with two bigtime food brokers, Russ Friend and Charley Reed.

Gorr has also gone to the races with such other food brokers as Si Abzug and Mack Palmer. Both Gorr and Timmer insist they always pay their own bills when they travel with food brokers.

Whether they do or not, such cozy friendships have led to disastrous mismanagement of the commissary system. A recent GAO study, for example, showed that European commissaries had bought an 81-year supply of Kellogg's tuna fish salad and a 28-year supply of crabmeat salad.

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